

Message Text

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71

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 INR-10 NSAE-00

PA-04 RSC-01 USIA-15 PRS-01 SPC-03 SAM-01 SAB-01

AEC-11 AID-20 CEA-02 CIEP-02 COME-00 EB-11 FEA-02

FPC-01 H-03 INT-08 L-03 NSC-07 OMB-01 PM-07 SCI-06

SS-20 STR-08 TRSE-00 DRC-01 /185 W
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R 201533Z MAR 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 8665

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

C O N F I D E N T I A L COPENHAGEN 0759

E.O. 11652:GDS

TAGS: ENRG, DA

SUBJ: ENERGY: OAPEC RESTRICTIONS ON OIL EXPORTS

TO DENMARK

REF: COPENHAGEN 721

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BEGIN SUMMARY: DANES REACTED CALMLY TO REPORTS

FROM VIENNA THAT ARAB STATES HAD DECIDED TO MAINTAIN OIL RESTRICTIONS AGAINST DENMARK, AMONG OTHERS. THEY ASSUME DECISION MEANS THAT PRESENT LEVEL OF RESTRICTIONS (85 PERCENT OF BASE EXPORTS) WILL BE MAINTAINED BUT NO NEW RESTRICTIONS ADDED. FOR PRESENT, THEY PLAN TO TAKE NO INITIATIVES WITH ARAB STATES, EC OR ENERGY COORDINATING GROUP, PREFERRING TO WAIT-AND-SEE WHAT DUTCH DO. THEY ARE, HOWEVER, DISTURBED OVER THIS FURTHER EVIDENCE OF DISRUPTIVE EFFECTS OF BILATERALISM SINCE THEY REGARD LIFTING OF RESTRICTIONS AGAINST GERMANY AND ITALY RESULT OF ADDITIONAL ASSURANCES OF FRIENDLINESS THESE TWO MADE TO ARABS, GOING BEYOND NOVEMBER 6 EC DECLARATION. CONSEQUENTLY, THEY VIEW MORE FAVORABLY THAN EVER SPIRIT OF U.S. INITIATIVE AT WASHINGTON ENERGY CONFERENCE. END SUMMARY.

1. SHEIK YAMANI IS REPORTED TO HAVE SAID SUNDAY AT VIENNA MEETING OF ARAB OIL MINISTERS THAT DENMARK'S ATTITUDE TO THE PRINCIPLES MAINTAINED BY ARABS IN MIDDLE EAST WAS NOT SUFFICIENTLY CLEAR. THEREFORE THE OIL EMBARGO ON DENMARK AND THE NETHERLANDS WOULD CONTINUE UNTIL THESE COUNTRIES ADOPTED A CHANGED ATTITUDE TOWARD ISRAEL AND THE ARAB NATIONS. HE REPORTEDLY ADDED THAT THEY WOULD HAVE TO BRING THEIR POLICIES INTO LINE WITH THOSE CONDUCTED BY THE OTHER EC COUNTRIES. COMMENTING ON THIS REPORT, FOMIN GULDBERG TOLD MEDIA THAT IT WAS IMPORTANT FOR DENMARK NOT TO DEVIATE FROM EC POSITION ON MIDDLE EAST (PRESUMABLY MEANING NOV. 6 EC DECLARATION) AND UN RESOLUTION, EMPHASIZING THAT OIL AND POLITICS SHOULD NOT BE MIXED. SUBSEQUENTLY, HE SAID THAT DENMARK CONCLUDES THAT THE ARAB DECISION MEANT THAT DENMARK, ALONG WITH LUXEMBOURG, IRELAND, SWEDEN AND NORWAY, CONTINUE TO BE REGARDED IN "NEUTRAL" CATEGORY AGAINST WHOM EXISTING RESTRICTIONS WILL BE MAINTAINED.

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2. DCM AND ECONOFF DISCUSSED OIL SITUATION MARCH 19 WITH COMMERCE DEPTUY UNDER SECRETARY H. O. CHRISTIANSEN (UNDER WHOM ALL DOMESTIC ENERGY MATTERS ARE NOW CONCENTRATED) WHO GAVE US SAME INTERPRETATION AS GULDBERG, ADDING THAT, IN THE SHORT RUN AT LEAST, DENMARK WAS NOT WORRIED OVER OIL SUPPLY. (ECONOFF SOURCE COMMENTED

THAT, SINCE OTHER EC PARTNERS WILL NOW HAVE LARGER SUPPLIES, DENMARK COULD COUNT ON RECEIVING INCREASE IN OIL PRODUCTS FROM THEM.) CHRISTIANSEN WAS HOWEVER PIQUED AT THIS FURTHER EVIDENCE OF REWARD FOR THE WICKED SINCE HE WAS CONVINCED (FONOFF SHARES THIS VIEW) THAT GERMANS AND ITALIANS ARE NOW IN "FRIENDLY" CATEGORY BECAUSE OF THEIR "UNDER THE TABLE" ASSURANCES TO ARABS GOING BEYOND NOVEMBER 6 EC DECLARATION.

3. CHRISTIANSEN THOUGHT ISSUE OF SAUDI OIL QUOTA FOR DENMARK SEPARATE FROM QUESTION OF RESTRICTIONS. HE SAID THAT, EVEN THOUGH ADVISED BY ESSO THAT OFFICIAL REQUEST TO SAG WAS NECESSARY TO HAVE QUOTA, DANISH GOVERNMENT MADE CONSCIOUS DECISION LAST NOVEMBER NOT TO REQUEST IT OUT OF CONCERN OVER REACTION OF ARABS TO PRO-ISRAELI SPEECH MADE BY THE THEN PRIME MINISTER JORGENSEN AND FEAR THAT SEPARATE QUOTA FOR DENMARK MIGHT CUT INTO SUPPLIES FOR MAJOR TRANSSHIPMENT PORTS IN EUROPE. THEY HAVE NOW REQUESTED A QUOTA BUT CHRISTIANSEN THOUGHT THAT, IN THE PRESENT PSYCHOLOGICAL ATMOSPHERE, SAG IS NOT LIKELY TO ACT ON REQUEST.

4. BOTH FONOFF SOURCE AND CHRISTIANSEN SAID THAT DENMARK PLANS NO ACTION FOR PRESENT ON ARAB DECISION. THEY DO NOT THINK DANISH REPRESENTATIONS IN ANY FORUM WOULD BE VERY HELPFUL. FONOFF SOURCE ADMITTED HOWEVER THAT MUCH OF DANISH REASONING IS BASED ON EXPECTATION THAT DUTCH WILL ACTIVELY PURSUE ISSUE WITHIN EC, EMPHASIZING NEED FOR EC UNITY AND CRITICIZING CONFIDENTIAL

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THOSE MEMBER STATES WHO HAVE NOT STUCK TO COLLECTIVE EC POSITION ON MIDDLE EAST. FONOFF SOURCE MADE CLEAR THAT DANES WOULD PREFER TO WATCH THIS PLAY FROM THE SIDE-LINES FOR A WHILE, ALTHOUGH THEIR SYMPATHIES ARE WITH THE DUTCH.

5. EMBASSY COMMENT: CHRISTIANSEN, IN PARTICULAR, FOUND THE CURRENT DEVELOPMENT AS FURTHER EVIDENCE OF THE CORRECTNESS OF U.S. INITIATIVE LEADING TO WASHINGTON ENERGY CONFERENCE. DANES RECOGNIZE THAT BILATERALISM, WITHOUT ESTABLISHED RULES OF THE GAME, CAN ONLY LEAD TO DISADVANTAGE FOR THEM SINCE THEY WILL ALWAYS BE AT END OF THE LINE BECAUSE OF THEIR SMALL SIZE AND LACK OF LEVERAGE ON OIL PRICES AND SUPPLY. THE IS-

SUE WILL SOON COME TO A HEAD SINCE PARLIAMEN-
TARY DEBATE ON ENERGY POLICY IS NOW SCHEDULED
FOR APRIL 18. AT THAT TIME, THE GOVERNMENT
MUST HAVE A POSITION ON EXTENT TO WHICH IT PLANS
TO INVOLVE ITSELF IN OIL PURCHASING, REFINING
AND MARKETING.
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